



JOHN MONACO
MAYOR

June 13, 2011

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Office of Proceedings

JUN 30 2011

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Public Record

230513

EP 705

Chairman Daniel R. Elliot, III
Surface Transportation Board
395 E St. SW
Washington DC, 20423

Dear Chairman Elliot:

Just as America is pulling itself out of the worst recession in more than 80 years- and is being helped tremendously by the private capital investments, economic activity and job growth created by the nation's freight railroads - the Surface Transportation Board is signaling it may consider changing the very rules that have fostered rail's role as a key economic driver.

Now is not the time for regulators to promote policies that restrict rail earnings and threaten private investment. Attempts to re-regulate the freight rail industry will have catastrophic results. When the prospects of earning returns on investment decrease and railroads are faced with huge revenue shortfalls, spending on infrastructure and equipment will cease. Existing track and equipment will deteriorate and plans for new capacity will be scraped. Inevitably, rail service will become slower, less responsive, less affordable and less efficient.

All this will lead to disastrous consequences for businesses and consumers alike. The federal government should maintain the regulatory framework in place today, one that enables the self-sustaining freight railroads to remain financially healthy and meet the challenges of building a 21st century transportation system.

Today's regulatory framework has created a reasonable balance between railroads and their customers. Since 1980, average railroad rates have fallen by 55 percent since 1980, the amount of traffic moved by freight

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Chairman Daniel R. Elliot, III

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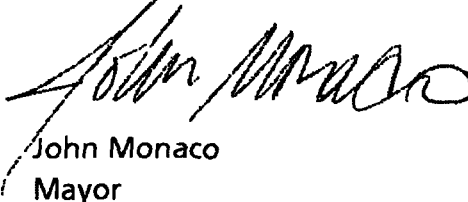
Page 2

rail has nearly doubled, accidents are down by 75 percent and service has improved tremendously.

The City of Mesquite is home to one of Union Pacific Railroad's (UPRR) largest intermodal and rail port operations and it has invested millions of dollars into modernization and expansion to handle a recovering and growing economy. Mesquite is depending upon the continued growth of the UPRR and their ability to invest in improving their infrastructure to maintain a healthy economy and employment base.

Any efforts by the STB to adopt policies that would discourage private investment in this country's transportation infrastructure would be unwise and extremely counterproductive. Instead, the STB should focus its resources on actions that will encourage investment and promote this country's continued economic recovery.

Sincerely,



John Monaco
Mayor

JM:ls

cc: James R. Young
Union Pacific Railroad Chairman President & CEO

Eric Anderson
Union Pacific Railroad Superintendent - Intermodal Operations